



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**  
REAL ESTATE DIVISION

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DAVID E. JANSSEN  
Chief Administrative Officer

Board of Supervisors  
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Fifth District

March 30, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE AN ORDINANCE TO AMEND THE PETROLEUM PIPELINE  
FRANCHISE GRANTED TO EXXONMOBIL OIL CORPORATION, FORMERLY  
KNOWN AS MOBIL OIL CORPORATION, BY ORDINANCE NO. 11,901,  
TO EXTEND THE TERM OF THE FRANCHISE THROUGH AUGUST 31, 2004  
(ALL DISTRICTS AFFECTED) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve an ordinance to amend the petroleum pipeline franchise granted to ExxonMobil Oil Corporation, formerly known as Mobil Oil Corporation, by Ordinance 11,901, to extend the term through August 31, 2004.
2. Introduce, waive reading, and place on your Board's agenda the accompanying ordinance that implements the above recommendation.
3. Find this project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

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### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended actions is to amend Ordinance 11,901 to extend the petroleum pipeline franchise granted to ExxonMobil Oil Corporation (ExxonMobil), formerly known as Mobil Oil Corporation (Mobil), through August 31, 2004, in order to provide additional time for the County of Los Angeles (County) to approve a Resolution of Intention, schedule a public hearing, and grant a new petroleum pipeline franchise to ExxonMobil.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The County Strategic Plan directs that we provide the public with quality service that is beneficial and responsive (Goal 1). The Board's approval and adoption of an ordinance to grant ExxonMobil a pipeline franchise is consistent with this goal.

### **FISCAL IMPACT/FINANCING**

ExxonMobil has paid the County a one-time granting fee of \$5,000, and will also pay base annual franchise fees of approximately \$105,000 for over 65,000 lineal feet of existing two to 16-inch active and idle pipelines ExxonMobil maintains and operates in County roads. The franchise fee is based upon a formula of 21 cents per lineal foot for the first eight inches in diameter, plus three cents per diameter inch over eight inches. The amount of the base annual franchise fee will be adjusted annually for inflation using the Producers Price Index.

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### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On May 11, 1979, the Board adopted Ordinance No. 11,901 granting a 25-year petroleum pipeline franchise to Mobil Oil that will expire May 10, 2004. In November 1999, with the approval of the Federal Trade Commission, Exxon Corporation (Exxon) and Mobil merged to form ExxonMobil. Exxon and Mobil were required to sell certain assets as a condition of approval of the merger.

Both separately held businesses became a part of ExxonMobil and no transfer of the Mobil Oil pipelines occurred. ExxonMobil's pipeline system and the downstream pipeline assets in California, including pipelines installed in Los Angeles County roadways, are used to transport petroleum products to ExxonMobil's Torrance, California refinery.

As a result of the merger, ExxonMobil will experience long-term strategic benefits and near-term cost savings that allow it to compete more effectively with other recently combined multinational oil companies. ExxonMobil has requested your Board's approval of the accompanying ordinance to extend the term of its existing pipeline franchise through August 31, 2004, providing additional time to process a Board letter recommending approval of the Resolution of Intention and ordinance to grant ExxonMobil a new franchise for a term of 15 years. County Counsel has reviewed the accompanying ordinance and approved it as to form.

### **ENVIRONMENTAL DOCUMENTATION**

Granting this pipeline franchise is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1, Section (e) of the Environmental Document Reporting Procedures and Guideline adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the state CEQA Guidelines.

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**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended Board actions will not impact or adversely affect any current services. The Audit Division of the Auditor-Controller, the Fire Department, and the Department of Public Works have reviewed the request and have no objections.

**CONCLUSION**

Instruct the Executive Officer, Board of Supervisors, to send an approved copy of this letter and adopted ordinance to ExxonMobil Oil Corporation, Attention: Rights of Way and Claims Manager, 12851 East 166 Street, Cerritos, CA 90703-2103, and forward approved copies of this letter and the adopted ordinance to the offices of County Counsel, Audit Division of Auditor-Controller, Department of Public Works, and the Chief Administrative Office, Real Estate Division, Attention: Property Management, 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:CWW  
CB:MLT:cc

c: County Counsel  
Auditor-Controller  
Fire Department  
Department of Public Works